GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:980
ANSWERED ON:24.11.2000
SUGAR MILLS REFERRED TO BIFR
MADHAVRAO SCINDIA;RENUKA CHOWDHURY;SUSHIL KUMAR INDORA

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Padrauna and Kathkuryain sugar Mills in East UP, were sold out to M/s. GangotriEnterprises through BIFR in 1988, by reducing the share prices form Rs 60 to Rs.2/- per; unit, to the detriment of the interest oftheir workers, the farmers and cane-growers, whose arrears were due from the said two mills;

(b) whether any representation from workers, farmers or other representatives have been received by the Government in this regard;

(c) The Government`s reaction and response thereto indicating; the arrears of payment towards cost of sugarcane due to the farmers and towards salaries, wages and other dues to the workers of the Padrauna and kathkuryain Sugar Mills, as on the date of transfer, the dues so far cleared and the arrears thereof at present; and

(d) The steps are being taken to ensure clearance of such arrears?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a),(c)& (d): No, Sir. Board for Industrial and Financial Reconstruction(BIFR) has reported that Scheme for rehabilitation of M/s. Cawnpore Sugar Works Ltd(CSWL) was sanctioned by the Board on ;23rd December,1988 indicating modernization/balancing of padrauna and Kathkuiryain Sugar Mills Ltd.The scheme envisaged takeover of the company as a running company along with all the units of CSWL by M/s. Gangotri Enterprise Ltd. from M/s. British India corporation Ltd(BIC).

While sanctioning working capital facilities for starting; the factories, State Bank of India had put a condition that the shares of CSWL pledged by BIC would be released at a price of Rs. 8.41 per share, which was the average market price of thelast ten years . The company did not agree to the share exchange price of Rs. 8.41 but insisted on a price of Rs.2 only. The SBI was agreeable to this condition provided shares bought by the new management were re-placed to the Bank.
The case was last heard by the Board on 28.9.2000 in which the rehabilitation scheme sanctioned in 1998 was declared as failed, IFCI Ltd ., the operatingagency was directed to issue advertisement for change in management. During the discussions the workers representative had offered to submit the proposal and propose to run the mill on their own.

(b) Yes, Sir, BIFR has reported that number of representations had been received from workers, trade unions regarding arrears of salaries, statutory dues etc.